TJPA
TRANSBAY JOINT POWERS AUTHORITY
Maria Ayerdi • Executive Director

May 21, 2007

James Ghielmetti
Commissioner
California Transportation Commission
c/o Signature Properties
4670 Willow Road, Suite 200
Pleasanton, CA 94588

Re: 2005 Tax Increment Projections for the Transbay Redevelopment Project Area

Dear Commissioner Ghielmetti:

Per you request, I have enclosed a copy of the tax increment projections from the 2005 Report on the Redevelopment Plan for the Transbay Redevelopment Project Area ("Report on the Plan"). The projections were prepared in December 2004 for the San Francisco Redevelopment Agency ("Agency") by Seifel Consulting Inc., a San Francisco-based real estate and economics consulting firm with extensive expertise in the field of redevelopment.

The tax increment projections are divided into two categories: State Owned Parcels and Non-State Owned Parcels. The State Owned Parcels are the parcels within the Transbay Redevelopment Project Area ("Project Area") that are currently owned by Caltrans. The net tax increment from these parcels, after a 20 percent affordable housing set-aside and statutory passthroughs ("State Parcel Net Tax Increment"), has been pledged to the Transbay Joint Powers Authority ("TJPA") to pay the cost of building the new Transbay Transit Center and rail extension. Consistent with the Cooperative Agreement between Caltrans, the TJPA, and the City and County of San Francisco ("City"), the pledge of the State Parcel Net Tax Increment to the TJPA has been integrated into all subsequent approvals, including the Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan") and the Tax Increment Allocation and Sales Proceeds Pledge Agreement between the City, the TJPA, and the Agency.

The Non-State Owned Parcels consist of the parcels in the Project Area that are not owned by Caltrans. The net tax increment from these parcels (after statutory passthroughs) is available to the Agency, with approval by the San Francisco Board of Supervisors (the "Board"), to fund the Agency's costs for all redevelopment activities in the Project Area on parcels other than the State Owned Parcels, including the Agency's affordable housing program, development of a new public park and other public infrastructure, and economic development activities.

The tax increment projections for both the State Owned Parcels and the Non-State Owned Parcels assume a 20 percent affordable housing set aside in accordance with the requirement in the Redevelopment Law. In the instant case, however, the Redevelopment Plan requires the Agency to spend at least 50 percent of the funds that it receives from the Board on affordable housing. In constant 2004/05 dollars, the total amount of tax increment available to the Agency, with Board approval, including both the 20 percent affordable housing set aside from the State

Owned Parcels and all of the net tax increment (after statutory passthroughs) from the Non-State Owned Parcels, is approximately $252 million. Of this total, at least 50 percent, or $126 million, will be used for affordable housing. This would be sufficient to provide an Agency subsidy of almost $160,000 to each of the approximately 800 stand-alone affordable housing units that are projected to be built in the Project Area. Additional subsidies would be provided by nonprofit affordable housing developers with other local, State and federal funds in order to meet the 35 percent affordable housing requirement imposed by AB 812 on the Project Area.

Please let me know if we can provide any additional information on this issue. Thank you again for the opportunity to meet with you recently and update you on the Transbay Transit Center and the Transbay Redevelopment Project. Please feel free to contact me (415-597-4620) or Mike Grisso at the Agency (415-749-2510) if you have any other questions.

Very truly yours,

Maria Ayerdi
Executive Director

Cc: John Barna, CTC
Bijan Sartipi, Caltrans
Anthony Anziano, Caltrans

Encl: